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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART IIISection  
FEB 29 2012

SEC FILE NUMBER
8-34213

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 ThereunderREPORT FOR THE PERIOD BEGINNING Jan. 1, 2011 AND ENDING Dec. 31, 2011  
MM/DD/YY MM/DD/YY

## A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Broker/Dealer, Inc.

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

2675 N. Mayfair Road, Suite 410

(No. and Street)

Milwaukee

WI

53226

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Steve Einhorn

(414)453-4488

(Area Code - Telephone Number)

## B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Reilly, Penner &amp; Benton LLP

(Name - if individual, state last, first, middle name)

1233 N. Mayfair Road

Milwaukee

WI

53226

(Address)

(City)

(State)

(Zip Code)

## CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

## FOR OFFICIAL USE ONLY

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

Potential persons who are to respond to the collection of  
information contained in this form are not required to respond  
unless the form displays a currently valid OMB control number.

## OATH OR AFFIRMATION

I, Steve Einhorn, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Broker/Dealer, Inc., as of December 31, 2011, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

February 14, 2012  
State of Wisconsin  
County of Milwaukee



*[Signature]*

Signature

*[Signature]*

Title

Kathleen Almond  
Notary Public

My commission expires May 11, 2014

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

**BROKER/DEALER, INC.**  
Milwaukee, Wisconsin

**AUDITED FINANCIAL STATEMENTS**

Years Ended December 31, 2011 and 2010

© RPB CPA

**Reilly, Penner & Benton LLP**

**BROKER/DEALER, INC.**  
Milwaukee, Wisconsin

**AUDITED FINANCIAL STATEMENTS**

Years Ended December 31, 2011 and 2010

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Michael W. Van Wagenen



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Patrick G. Hoffert

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Broker/Dealer, Inc.  
Milwaukee, Wisconsin

We have audited the accompanying balance sheet of Broker/Dealer, Inc. (the Company) as of December 31, 2011 and 2010 and the related statements of operations, changes in stockholder's equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the balance sheet is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall balance sheet presentation. We believe that our audit provides a reasonable basis for our opinion.

The Company, as disclosed in the notes to financial statements, has extensive transactions and relationships with Einhorn Associates, Inc. In addition, the ability of the Company to transact business is dependent upon the Company's affiliation with Einhorn Associates, Inc. Accordingly, it is possible that the terms of these transactions are not the same as those which would result from transactions among wholly unrelated parties.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Broker/Dealer, Inc. at December 31, 2011 and 2010 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information included in the accompanying computation of net capital and aggregate indebtedness schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads 'Reilly, Penner &amp; Benton LLP'.

February 13, 2012  
Milwaukee, Wisconsin



**BROKER/DEALER, INC.**

Milwaukee, Wisconsin

**Balance Sheets**

December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<b>Assets:</b>		
Cash and cash equivalents	\$ 16,134	\$ 26,622
Prepaid expenses	3,015	5,872
<b>Total Assets</b>	<u>\$ 19,149</u>	<u>\$ 32,494</u>
 <b>Liabilities and Stockholder's Equity:</b>		
<b>Liabilities</b>		
Accounts payable	\$ -	\$ -
 <b>Stockholder's Equity</b>		
Common stock, at stated value. 2,800 shares authorized, 300 shares issued and outstanding	300	300
Additional paid-in capital	25,000	25,000
Retained earnings (deficit)	(6,151)	7,194
<b>Total stockholder's equity</b>	<u>19,149</u>	<u>32,494</u>
 <b>Total Liabilities and Stockholder's Equity</b>	<u>19,149</u>	<u>\$ 32,494</u>

The accompanying notes are an integral part of these financial statements.

**BROKER/DEALER, INC.**

Milwaukee, Wisconsin

**Statements of Operations**

Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<b>Revenues:</b>		
Fee income	\$ -	\$ 93,022
<b>Operating Expenses:</b>		
Consulting fees	-	63,000
Professional fees	1,600	1,500
CRD transaction fees	5,872	6,880
Insurance	83	928
License and membership fees	450	450
Filing assistance fees	5,315	633
Miscellaneous expenses	25	25
<b>Total operating expenses</b>	<u>13,345</u>	<u>73,416</u>
<b>Net Income/(Loss)</b>	<u>\$ (13,345)</u>	<u>\$ 19,606</u>

The accompanying notes are an integral part of these financial statements.

**BROKER/DEALER, INC.**

Milwaukee, Wisconsin

**Statements of Changes In Stockholder's Equity**

Years Ended December 31, 2011 and 2010

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings (Deficit)</u>	<u>Total Stockholder's Equity</u>
<b>Balance, December 31, 2009</b>	\$ 300	\$ 25,000	\$ (12,412)	\$ 12,888
Net income	<u>-</u>	<u>-</u>	<u>19,606</u>	<u>19,606</u>
<b>Balance, December 31, 2010</b>	300	25,000	7,194	32,494
Net loss	<u>-</u>	<u>-</u>	<u>(13,345)</u>	<u>(13,345)</u>
<b>Balance, December 31, 2011</b>	<u>\$ 300</u>	<u>\$ 25,000</u>	<u>\$ (6,151)</u>	<u>\$ 19,149</u>

The accompanying notes are an integral part of these financial statements.



**BROKER/DEALER, INC.**

Milwaukee, Wisconsin

**Statements of Cash Flows**  
Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<b>Cash Flows From Operating Activities</b>		
Net income/(loss)	\$ (13,345)	\$ 19,606
Effects of changes in operating assets and liabilities		
Prepaid expenses	<u>2,857</u>	<u>8</u>
<b>Net cash provided/(used) by operating activities</b>	<u>(10,488)</u>	<u>19,614</u>
 <b>Cash and Cash Equivalents, Beginning of Year</b>	 <u>26,622</u>	 <u>7,008</u>
 <b>Cash and Cash Equivalents, End of Year</b>	 <u><u>\$ 16,134</u></u>	 <u><u>\$ 26,622</u></u>

The accompanying notes are an integral part of these financial statements.

**BROKER/DEALER, INC.**  
Milwaukee, Wisconsin

**Notes to Financial Statements**  
December 31, 2011 and 2010

**1. Summary of Significant Accounting Policies**

**Business Activity**

Broker/Dealer, Inc. (the Company) is a registered broker and dealer in securities under the Securities Exchange Act of 1934. The Company's principal business activity is the selection, training and supervision of employees of an affiliate involved with private placements of securities.

**Accounts Receivable**

Accounts receivable are recorded at the amount the Company expects to collect on balances outstanding at year end. Management closely monitors outstanding balances and write-offs. As of year-end, there were no accounts receivable.

**Revenue Recognition**

The Company recognizes fee income when it is earned. The Company's officers are involved in various transactions with unrelated parties, which result in fee income for the Company, with the amount of the fee being negotiated on each respective transaction. The ability of the Company to enter into these transactions is dependent upon its affiliation with Einhorn Associates, Inc. (see Note 2). In connection with the private placement of securities, the Company and Einhorn Associates, Inc. (Einhorn) may earn warrants and other equity units. These interests are generally received in the name of Einhorn and are recorded as revenue accordingly.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and Equivalents**

Cash and equivalents consist of the Company's checking accounts.

**Reserves and Custody of Securities**

The Company did not hold securities for sale, nor does it hold customer securities at December 31, 2011. Because the Company does not handle customers' securities, Rule 15(c)3-3, in regard to computation for determination of reserve requirements and information relating to the possession or control requirements, does not apply.

**Income Taxes**

The Company has elected to have its earnings taxed directly to its stockholder for federal and state income tax purposes as an S Corporation. Accordingly, no provision for income taxes is made in the accompanying financial statements. The Company is no longer subject to U.S. federal income tax examinations for years ending before December 31, 2008 and Wisconsin income tax examinations for years ending before December 31, 2007.

**Subsequent Events**

Management has evaluated subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed (February 13, 2012). There were no subsequent events that required recognition or disclosure.

**BROKER/DEALER, INC.**  
Milwaukee, Wisconsin

**Notes to Financial Statements**  
December 31, 2011 and 2010  
(Continued)

**2. Related Party Transactions**

The Company's officers and directors are also owners and officers of Einhorn Associates, Inc., merger and acquisition consultants. The Company pays for all direct expenses related to licensing and training. The Company paid Einhorn Associates, Inc. \$-0- in 2011 and \$63,000 in 2010 for expenses associated with management, bookkeeping and certain other services provided to the Company.

**3. Net Capital Requirements**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1) which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1.

At December 31, 2011 and 2010, respectively, the Company had net capital of \$16,134 and \$26,622, which is in excess of the minimum requirement by \$11,134 and \$21,622 respectively. The ratio of aggregate indebtedness was -0- to 1 and -0- to 1, respectively.

**4. Filing Requirements**

There were no liabilities subordinated to claims of creditors during the year ended December 31, 2011. Accordingly, a statement of changes in liabilities subordinated to claims of creditors is not included in the financial statements as required by rule 17a-5 of the Securities and Exchange Commission.

**5. Commitments**

The Company is periodically subject to examination of its operations by various regulatory agencies. It is management's opinion that none of these examinations will have a material effect on the Company's financial statements.

**BROKER/DEALER, INC.**

Milwaukee, Wisconsin

**Computation of Net Capital and Aggregate Indebtedness Under Rule 15c3-1**

December 31, 2011

<b>Total Stockholder's Equity</b>	<b>\$ 19,149</b>
Nonallowable assets	
Prepaid expenses	<u>3,015</u>
<b>Net Capital</b>	<b><u>\$ 16,134</u></b>
Aggregated Indebtedness	
Included in statement of financial condition	
Accounts payable	<u>\$ -</u>
Computation of Basic Net Capital Requirement	
Minimum net capital required (6-2/3% of aggregated indebtedness)	<u>\$ -</u>
Minimum dollar net capital requirement of reporting broker or dealer	<u>\$ 5,000</u>
Net capital requirement	<u>\$ 5,000</u>
Excess net capital	<u>\$ 11,134</u>
Ratio of aggregate indebtedness to net capital	<u>-0- to 1</u>
Reconciliation with Company's Computation (included in Part IIA of Form X-17A-5 as of December 31, 2011):	
Net capital, as reported in Company's Part IIA (unaudited) FOCUS report and per audit	<u>\$ 16,134</u>

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## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL

To the Board of Directors,  
Broker/Dealer, Inc.  
Milwaukee, Wisconsin

In planning and performing our audit of the financial statements of Broker/Dealer, Inc., as of and for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by Broker/Dealer, Inc., including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17A-5(g) in making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because Broker/Dealer, Inc. does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by Broker/Dealer, Inc. in any of the following:

1. Making the quarterly securities examinations, counts, verifications, and comparisons
2. Recordation of differences required by rule 17a-13

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls, and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control was for the limited purpose described in the preceding paragraphs and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

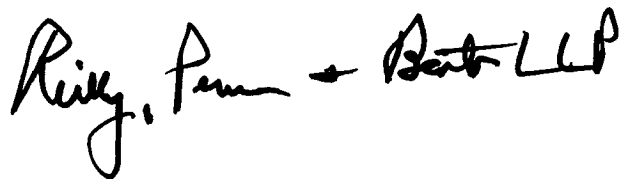
A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the Company's internal control to be a significant deficiency:

### **Separation of Duties**

The Company operates its accounting and reporting function with principally one individual, which precludes a proper segregation of duties. This condition is not, however, unusual in entities the size of the Company. It is important for management to be aware of this condition, and to realize that the concentration of duties and responsibilities in one individual is not desirable from a control point of view. Under these conditions, the most effective controls rest in management's knowledge and monitoring of matters relating to the Company's financial affairs.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2011, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, FINRA, and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Riley, Penn & Bent LLP". The signature is written in a cursive, flowing style.

February 13, 2012  
Milwaukee, Wisconsin